

# Subpart 5233.90 - PROCEDURES

**Parent topic:** Part 5233 - PROTESTS, DISPUTES, AND APPEALS

## 5233.9001 Claims approval requirements.

(a) All proposed claim settlements in excess of \$25 million, and final decisions of the contracting officer involving payments in an amount greater than \$25 million, shall be submitted for review and approval to DASN(P) by email at [usn.pentagon.asstsecnavrdadc.mbx.pabt@us.navy.mil](mailto:usn.pentagon.asstsecnavrdadc.mbx.pabt@us.navy.mil) with the subject "[Activity Name] NMCARS 5233.9001 - Proposed Claim Settlement >\$25M." Other proposed claim settlements and final decisions of the contracting officer shall be reviewed and approved as specified by the HCA.

(b) The supporting documentation submitted to DASN(P) with respect to claim settlements or final decisions of a contracting officer shall include a legal memorandum. As a minimum the required legal memorandum should:

(1) Analyze the applicability and adequacy of the contractor's legal theory or theories of Government liability;

(2) Analyze and evaluate the presence and adequacy of evidentiary facts satisfying the elements of proof required by such legal theory or theories;

(3) Analyze the applicability and adequacy of any affirmative defense the Government may have to the contractor's claim, e.g., accord and satisfaction, failure of consideration, fraud, release, laches, statute of limitations; and

(4) Analyze and evaluate the presence of any counterclaims the Government may have against the contractor.

(c) No settlement commitment or final decision may be made prior to obtaining the required approval.

(d) Primary emphasis should be given to achieving prompt settlement of claims, thereby obviating need for provisional price increases or payments. Provisional price increases or provisional payments against contractor claims may be made when the following documents have been obtained:

(1) A legal determination that the contractor is entitled to compensation.

(2) Sufficient technical, administrative, and audit analyses to permit such legal determination; and

(3) A determination by the contracting officer with respect to the amount of compensation for which there is entitlement and that the amount of ultimate entitlement to compensation will equal or exceed the amount of the provisional price increase or provisional payment.

(e) When a provisional payment, either individually or cumulatively against a single claim exceeds

\$25 million, a written justification shall be submitted for approval to DASN(P) by email at [usn.pentagon.asstsecnavrdadc.mbx.pabt@us.navy.mil](mailto:usn.pentagon.asstsecnavrdadc.mbx.pabt@us.navy.mil) with the subject “[Activity Name] NMCARS 5233.9001 - Proposed Claim Provisional Payment >\$25M.”

The justification shall cover--

- (1) the requirements of the claim;
- (2) the projected date of settlement of the claim; and
- (3) other pertinent information, including comments as to whether the contractor has reasonably satisfied all requests for documentary and analytical support of the claimed amount.

## **5233.9002 Contractor appeals to the Armed Services Board of Contract Appeals (ASBCA).**

(a) *General.* The DON Office of the General Counsel (OGC) has sole litigation authority for all appeals under DON contracts to the ASBCA. Because of the frequent complexity of these cases, the DON OGC and the contracting activity involved should maintain the continuity of any DON claim team that might have investigated and evaluated the contractor's claim submission. Such teams should continue to function in an assisting capacity under the leadership of the DON OGC Trial Attorney assigned to handle the appeal.

(b) *Litigation report requirement.* With the compilation of ASBCA Rule 4 documents (available at <https://www.asbca.mil/Rules/rules.html>), a comprehensive litigation report shall be forwarded to the Litigation Division. The report should include:

- (1) A detailed narrative statement of facts, preferably in chronological sequence, and with a topical segregation when appropriate, with references to attached supporting documents of expected testimony. If such a statement was previously submitted, it need not be submitted a second time, but should be supplemented or revised if additional information becomes available in the interim.
- (2) An analysis and evaluation (classified as attorney-client privileged information) of the factual and legal positions of both sides (including affirmative defenses and counterclaims available to the Government), the available evidence, and the expertise and effectiveness of prospective witnesses.
- (3) The advisory report, if any, of the reviewing official or board.

(c) *Settlement negotiations pending appeal.* The conduct of settlement negotiations in connection with any pending appeal should generally be accomplished by a selected team consisting of the trial attorney and representatives of the contracting officer (including contracting activity technical personnel, counsel, negotiator, and auditor if necessary). Other arrangements may be made in specific cases as appropriate. However, no final settlement agreement will be made without the written approval of the contracting officer. When a settlement is made, a memorandum shall be prepared by the negotiating team (and signed by all team members) stating the basis and reasons. The settlement agreement shall be drafted by the contracting activity and trial attorney. The trial attorney shall file any legal papers required to be filed with the ASBCA to effect disposition of the case by mutual agreement of the parties.

(d) *Review and approval.* Negotiated settlements of appeals pending before the ASBCA, as well as

negotiated settlements of appeal issues that have been remanded to the DON for quantum determination, will be subject to review and approval at levels established for claims of the same dollar amount.

(e) *Contract modification.* Whenever contract modification and other contract documents are required to implement a settlement of ASBCA or appellate court decision, they should reference the ASBCA proceedings by title and docket number.